GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1814
ANSWERED ON:24.08.2007
RESTRUCTURING OF RRBs
Barman Shri Ranen

Will the Minister of FINANCE be pleased to state:

(a) wheihsr the Government has received the report submitted by Reserve Bank of India regarding restructuring of Regional Rural Banks;

(b) ifssj, the details thereof;

(c) whethsr All India Regional Rural Bank Employees Association has sent any comments in this regard; and

(d) if so, the details thereof and action taken thereon?

Answer

MINISTER OF STATE IN THE MINISTRY OiF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) and (b):- Yes, Sir. Reserve Blank of India (RBI) made a number of recommendations relating to merger/amalgamation, change of sponsor banks, minimum capital requirements, governance, management, regulation and supervision in their Report.

(c) & (d): The All India Regional Rural Bank Employees` Association made the following suggestions to the Working Q-oup constituted by Reserve Bank of India:

(i) Regional Rural Banks(RRBs) sponsored by different banks within the same State should be amalgamated and should be de-linked from the sponspr bank.

(ii) No privatisation/liquidation of RRBs should be done.

(iii) No dilution of Government share should take place.

(iv) No leadership role should be given to Commercial Banks.

(v) All the uncovered districts/States/Territories should be given to RRBs.

On consideration of the recommendations made by the Working Group of RBI, a view was taken to implement such recommendations which are in conformity with the Regional Rural Banks Act, 1976. The Government of India initiated a process for consolidation of RRBs sponsored by a Bank within a State in September 2005. As a result thereof, the total number of RRBs has been reduced from 196 as on 31.3.2005 to 96 as on date. It has been decided that there will be no State level amalgamation of RRBs sponsored by different Banks and there will be no de-linking of RRBs from Sponsoring Commercial Banks. There is no proposal at present, for privatisation/liquidation of RRBs and dilution of Government share in RRBs. Further, Sponsor Banks have been advised to cover the uncovered districti/States/Territories by RRBs and undertake aggressively Branch expansion.